WORKFORCE
CENTRAL FLORIDA

Finance and Legal Services Joint Committee Meeting

Meeting Agenda

Tuesday, October 16, 2012
9:00 a.m. - 10:30 a.m.
WCF Administrative Office
707 Mendham Blvd., Suite 250, Orlando, FL 32825
Conference Call-in phone number: (407) 531-1242

Welcome & Chairs' Remarks..Bill Merck and Thomas Katheder

- Introductions
- Roll Call/Establishment of Quorum
- Public Comment

Approval of Minutes from Previous Meetings...................Bill Merck and Thomas Katheder

- Finance Committee Meeting: 5/30/12
- Finance and Program Joint Committee Meeting: 6-5-12
- Legal Services Committee - Previous Meetings

Information/Discussion Items ....Pam Nabors/Leo Alvarez

- Financial Policies and Procedures
- Budget Variance Report
- Proposed Admin Offset
- 403(b)
- Staffing Agency RFP
- DEO Management Decision
  - Lease changes, implications
- HR Legal Issues
  - Summary of issues

Chairs' Closing Remarks .... Bill Merck and Thomas Katheder

Upcoming Meetings:

Finance Committee: Tuesday, February 12, 2013 at 9:00am / WCF Admin Office

DRAFT

Finance Committee Meeting

WCF Admin Office
707 Mendham Blvd., Suite 250
Orlando, FL 32825
Wednesday, May 30, 2012
9:00 a.m.

MINUTES

MEMBERS PRESENT:	Bill Merck, Melanie Cornell (via phone), Mark Wylie and Tom Yochum (via phone)
MEMBERS ABSENT:	Deborah Clements, Larry Dale, and Joe Sarnovsky
STAFF PRESENT:	Kevin Neal, Leo Alvarez, Anika Holmes, Chad Kunerth, Jason Lietz, Wendy Jo Moyer, Jody Toner and Kaz Kasal
GUESTS PRESENT:	

WELCOME & CHAIR'S REMARKS

Introductions

Mr. Merck called the meeting to order at 9:20am, welcomed those in attendance and asked everyone to introduce themselves.

Roll Call/Establishment of Quorum

Ms. Kasal commenced with roll call and Mr. Merck reported there was a quorum present.

Public Comment

John Murdock with DSM Technology introduced himself and stated he was very interested in the direction and future of the workforce boards.

APPROVAL OF THE MINUTES FROM PREVIOUS MEETING

After review of the minutes from the 3/12/12 Finance and Audit Joint Committees meeting, Mr. Yochum made a motion to approve the minutes. Mr. Wylie seconded, motion passed.

INFORMATION AND DISCUSSION ITEMS

"High-Risk" Grantee Designation Update

Mr. Neal reviewed that when the Governor ordered changes for WCF, he also designated this organization as a "high-risk" grantee under federal regulations. Thus, special conditions and restrictions were placed on the organization and a laundry list of deliverables was also issued.

Mr. Neal stated that we have done well with meeting these deliverables under this "high-risk" designation. One of the deliverables included a weekly teleconference between DEO, Finance and Audit staff, which also included Mr. Merck at times. This occurred over the last six months; however, now the call takes place every other week – so progress is being made. There are a few outstanding issues related to the deliverables. Most notably, we are currently revising processes and procedures for the procurement and contracting process. Also, as part of today's presentation, we are creating a new position that will be responsible for financial and programmatic compliance, as well as contract management. Both the independent auditor, Cross, Fernandez & Riley, and the KPMG monitoring from last year commented that there is no centralized contracting process and this issue has caused significant problems in the past. If the board agrees with the creation of this new position, it should help resolve this issue and add more internal controls that this organization desperately needs.

Mr. Neal indicated that DEO's other requirement of reviewing and approving all expenditures over $5,000 is still an ongoing obligation of the organization. This will probably remain in place until the DEO confirms that appropriate staff and internal controls are in place to make sure there is no misspending of funds.

<u>Disallowed Costs</u>
Mr. Merck stated that at the last meeting there were a number of items still outstanding and a few things being worked on to make sure we had the accurate numbers. The DEO expressed a willingness to work with us going to USDOL, to see if something could be worked out to offset these costs. They have worked with this board in the past on a similar situation. So it is important we have a complete list and an accurate number of all of the disallowed costs before we go forward to DEO with this.

Mr. Neal reviewed the two disallowed costs: 1) settlement cost of the Lake Mary building and attorney fees – this totals about $800,000, and 2) the $40,000 related to the leasing/purchasing of vehicles. Also, we have some other potential disallowed costs that are still being reviewed. Some of this relates to items identified in the KPMG monitoring, where they identified questionable expenditures. Part of the ongoing process is to look back to determine if disallowed or not, and Mr. Doyle is here to finalize this review. Now that the correct process is in place with the Personnel Activity Report (PAR), we can look back and apply the current system to the former payrolls, which may bring forth additional disallowed costs.

Mr. Neal stated that he received information from the Office of Inspector General (OIG) that there are three investigations of reviews being conducted related to: computers, chamber expenditures (sponsorships), and gift cards to DEO employees (the latter is in violation of state law). Based on OIG's review of these three matters, there may be more disallowed costs.

Mr. Neal projected that there could be a total of approximately $1M in disallowed costs and the organization will need to come up with non-federal funds to pay this back. Under the federal law, the counties are liable for misspending of funds by the RWBs, but hopefully we can work something out with USDOL through DEO, so this liability would not have to be placed on the five counties in our workforce board region. Using administrative funds to offset these costs is what we are hoping to do – we have a half million saved without executives and also there is a recommendation of further administrative cost savings that we will be presenting today.

Mr. Wylie asked what would happen if the federal government does not allow us to offset using the half million that was saved from the absence of WCF executives - would we have to pay the half million back to the state. Mr. Neal replied no, this can go toward future operations.

Mr. Wylie asked if insurance claims can be processed. Mr. Neal replied that they have filed claims for everything but the insurance company has responded back that it is not covered.

Mr. Alvarez stated that the largest disallowed cost item is the Lake Mary issue and we were denied, as it was deemed breach of contract.

Mr. Merck stated there is a pathway out of this that we believe we can take. We are now nearing the end of the investigative portion of this. When we get the final numbers, we will forward to the DEO, who is expecting to receive this and has agreed to do this one time to USDOL.

Mr. Wylie asked about status of the computers. Mr. Neal replied that the team developed a plan for the disposal of the computers. They will be going to "Angels Helping Hands" which is a non-profit organization that refurbishes used computers and then they take them to other non-profit organizations. With the computers gone, we are saving $20,000 in storage costs. Processes and procedures have been developed to avoid this type of situation from happening again.

Employee Wages related to Prior Travel

Mr. Neal stated that this was actually on the agenda of the Finance and Audit Committees' joint meeting in March 2012, but time ran about before it could be discussed. This particular issue involves a significant dollar amount. He explained that a group of employees were required to carpool and travel to different offices in our five-county area. They would meet at a designated site and then carpool to their assigned worksite for the day. This went on for a period of time; however, erroneous guidance was given to these employees that they should not include their travel time. This was incorrect and they should have been paid for travel time from the carpool gathering site to the worksite. This issue was reviewed by Ford & Harrison and Mr. Katheder and both concurred that these employees should be paid for this travel time. Staff went back to calculate what was owed and this totaled almost $100,000, which was paid to these employees about a month ago. The employees were surprised and very grateful that the company owned up to its liability. The employees signed acknowledgement forms. There were about 14 employees involved and was occurring over 1 ½ years. Mr. Neal stated that this was an internal finding and that procedures have been changed so this does not happen in the future.

ACTION ITEM

- 2012-13 Program Year Budget

  Mr. Neal provided a PowerPoint presentation and handouts in today's packet. He reviewed the following:

  The first page is designed to show current government set up on the flow of funds. 100% of our funds come from three federal agencies: 1) United States Department of Labor (USDOL), 2) United States Department of Health and Human Services, and 3) United States Department of Agriculture. The grants are listed under each of these agencies that they handle. These funds then flow by formula to the states. The State of Florida received $324.9M for the coming program year to operate the public workforce system. Once Florida receives the funds, it has to be appropriated through the annual appropriations process by the Florida legislature. Once legislature determines how much to be distributed, it goes to Workforce Florida, Inc. (WFI) the state workforce board, to allocate to the 24 RWBs, based on formulas and factors. Some of the $324.9M will stay at the state level for statewide operations, so $278.3M was allocated to the 24 RWBs. At the state level there are 4 players in the governance system: 1) Governor (state recipient of federal funds, and can certify or decertify RWBs), 2) Florida legislature (appropriates the federal funds), 3) WFI (sets statewide workforce policy and allocates funds for 24 RWBs) and 4) DEO (fiscal agent for the Governor, providing fiscal and programmatic oversight of the 24 RWBs). At the local level we have the local chief elected officials. In our region there are five local officials (from each of our counties), with Mayor Teresa Jacobs chairing this local consortium. This consortium is considered the local recipient of federal funds. For the upcoming program which begins July 1, 2012, WFI allocated $32.8M to WCF for operations.

Page two shows a map of the 24 RWBs and their geographical territories in Florida. Some RWBs represent single counties, where others represent a group of counties like WCF.

Mr. Neal stated that it is important to keep in mind the many federal and state mandates on how and what we can do with these federal funds. Page three lists the major federal and state financial mandates as follows:

- "Fair Share" – each program pays their fair share of the operations. This is a very complex process. One of the guiding principles to this allocation is a Cost Allocation Plan (CAP). The prior board did not have an approved CAP, but with the new board this has been fixed.
- Strict program eligibility requirements – only available to those people who meet certain eligibility requirements.
- 10% cap on administrative costs.
- 50% expenditure of WIA Adult and DW funds to Individual Training Accounts (ITAs) – these are vouchers for eligible job seekers to attain occupational training at approved training provider institutions.
- State UI law change, effective August 2011, requiring UI claimants to come in person to one-stops for services. A significant spike in foot traffic occurred at the one-stops as a result of this state law change. In some of our one-stops, the traffic doubled.
- Federal UI law change – a recent change in the emergency federal unemployment compensation law, which is similar to the state law and requiring certain UI claimants to now come in person to the one-stop for services. We received additional funds for this to hire ten temporary staff to serve this population.
- Federal requirement that certain services be delivered by state merit staff employees, so part of the make-up of one-stops include state employees. In our region, we currently have 36 state employees and they are jointly managed locally and at the state level. The additional ten temporary staff will bring us to a total of 46.

Page 4 is a chart of three different categories of activities primarily associated with the Workforce Investment Act (WIA), which makes up about 64% of our budget. The three categories of activities are: Core, Intensive and Training. The examples on this chart are not exhaustive, but show the types of services provided under each of the three categories. The Core services are basic services provided to everyone. The Intensive and Training services are provided only to those who meet certain eligibility requirements. This is because with only a limited amount of funds, we cannot provide these types of services to everyone.

Page 5 is a snapshot of the funding sources for WCF and budget breakdown among the major grants for the coming program year. Pages 6 through 16 provide a summary of each funding stream under the major grants and their historic funding levels and trends. Also included is PY 11-12 performance data on the ITAs: the demand, the number of participants put into training, average cost per training, the number who attained a job after training and average wage rate. The WIA grant is trending up, but some of the other grants are trending down. With WIA, as early as next year, the trending will start to go down as these funds are distributed nationwide based on formulas. Part of the formula that dictates distribution is based on unemployment in each state. So as the unemployment rate drops then fewer funds are received. However, this is not always the case because, historically, as unemployment goes down, more people looking for a job goes up, as job seekers become more proactive. So even though our funding decreases, our workload increases to service the additional people looking for a job.

Mr. Wylie asked if we are receiving any stimulus funds. Mr. Neal replied that we did receive stimulus funds in 2009. We intentionally left this out of these funding trends because the stimulus money was a one-time deal to be used in two years and this money has been spent.

Mr. Neal proceeded with the grant budget breakdown as follows:

- WIA Adult – serves adults ages 18+ - **$5.2M (3.8% increase)**
- WIA DW – serves adult displaced workers who have been laid off or received notification of termination/laid off - **$8.5M (21% increase)**
- WIA Youth – serves youth ages 14-21 - **$5.5M (5.5% increase)**. For the past 2 to 3 years, WCF has used almost 100% toward Summer Youth Programs. This year, the SYP will serve 900 youths into work experience internships. For next program year, we are recommending a year round program (which is common among most RWBs). This would include work experience (temporary) for out-of-school youth and various activities for in-school youth.
- Veterans Services - **$862,116 (10.4% decrease)** – there are two grants under this: 1) Disabled Veterans Outreach Programs (DVOPs) and Local Veterans Employment Reps (LVERs). This is a staffing grant which pays for the state employees who are in the DVOP and LVER positions. The other grants pay for the programs and services for veterans who need these services.
- Wagner Peyser Act – this has been in existence since 1933 and provides for core services only. The services provided by state employees. **$3.9M (0.4% decrease)**
- UC – the DEO actually operates and administers a centralized UC program. Based on a state law change last year, all claims are filed online. As there is a portion of UC claimants who do not have access to computers or they need access to re-employment services, a lot of the one-stop traffic are these claimants. In recognition of this workload, the state has provided funding to the RWBs for staff to assist these claimants. This scope of work is limited to just helping claimants file online. **$456,060 (13.8% decrease)**
- Reemployment and Eligibility Assessment (REA) – this is a nationwide pilot program of several years. This grant pays for more one-on-one re-employment services for UC claimants. The theory is that by providing more one-on-one service, there is evidence that this population generally returns to work quicker. **$270,200 (31.4% increase)**
- Trade Adjustment Assistance (TAA) – provided to those workers who lose their jobs as a result of foreign trade/competition. These services have to be provided by state employees. The goal of the TAA program is to provide trade-affected workers opportunities to obtain the skills,

resources and support they need to become re-employed. We do not have a lot of this occurring in our region. **$50,000 (57.9% decrease)**

- Temporary Assistance to Needy Families (TANF)/Welfare Transition (WT)– to assist WT applicants and participants to either get off welfare or avoid welfare. We have diversion programs that provide support in the form of transportation or child care in order for the individual to maintain employment and not receive welfare. Under the direction of the former VP of this program, ZuCan was a separate branding; and services were provided separately from the one-stop system. After resignation of this VP, Ms. Toner took over the oversight of this program and reintegrated it back into the one-stop system, which was the intent of congress when they created this system. The driving force behind WIA is that all of these programs and services are to be offered at a one-stop center, and not in isolated buildings. Ms. Toner has done a yeoman's job with the reintegration. **$7.1M (7.2% decrease)**
- Food Stamp Employment and Training Program (FSET) – this actually has been renamed to SNAP (Supplemental Nutrition Assistance Program). Currently, Florida is operating under a "waived" status, meaning that the general requirement of the food stamp recipient to participant in work activities in order to remain eligible for their food stamps is waived. So this is now a voluntary participation. The reason for the waiver is because of the high unemployment and we have been operating under this waiver for several years. **$629,257 (6% decrease)**

Mr. Neal added that every year the federal government allows local boards to shift up to 30% of the DW funds to the Adult funds. Occasionally, the state will receive a waiver to allow an increase above the 30% increase. This year, it increased to 50%. Back in December 2011, the Finance Committee approved a fund shift of this kind. Moving forward, Mr. Neal hopes that the board will continue to allow this type of authority so we can maintain this flexibility in our funding sources.

Page 17 goes over the budget principles that were used in the development of the next program year's budget. Mr. Alvarez, Director of Finance and Accounting, has been working with the managers over the last month to develop their program requirements for the upcoming year. Since there is not a significant change in the overall budget, this is really a continuation budget from the current year. In order to be better stewards of taxpayer dollars, Mr. Neal charged the management group the following principles to incorporate as they developed the budget:

- Eliminate duplication
- Create efficiencies
- Reduce administrative costs where possible
- Focus on program priorities identified by the Program Review Committee
- Better utilization to technology to maximize customer engagement. There have been tremendous spikes in traffic coming to the one-stops. We need to keep in mind the anticipation of future budget cuts, with the decrease in the unemployment rate. Congress is up against the automatic discretionary budget cuts that were part of the legislation that allowed for the last increase in the debt limit. So in January 2013, there could be significant cuts across the board for all programs. Congress can, and has in the past, reduced funds already distributed to the states. So the government could rescind part of the $32M that this region has received. This is a contingency that we have to keep in mind and plan for.

Mr. Merck indicated that the next sections go over the program priorities and improving internal controls and have already been discussed.

Mr. Merck reviewed the administrative savings on page 20, which goes over all of the savings currently in process as well as recommendations of future savings – which total about a half million in savings. This money could be used toward disallowed costs. Mr. Neal pointed out one of the other potential savings is the outsourcing of the payroll function – the Finance Committee had recommended this be looked into. So we will be issuing an RFQ to price this out.

Mr. Alvarez provided budget highlights as follows:

Referencing the pie chart on page 21 which goes over the funding allocation by grant for PY 12-13. The biggest portion of the revenue dollars goes to WIA, which is 64%. We will be deferring 22% of the WIA 2-year grant to the following program year, which will help avoid operational peaks and valleys. 16.2% goes to WT and 9% goes to WP. WIA, WT and WP allocations represents 90% of our funding.

Page 22 shows PY 12-13 proposed budget by funding source, with carry-in dollars, WIA deferments and proposed estimated total of $34.1M.

Page 23 goes over revenues and expenditures by categories, split by program and administrative, with administrative to stay under 10%. This is driven by our CAP, Program expenditures projected at $32.3M and Admin expenditures projected at $1.8M, which equates to 5.3% in Admin costs. Mr. Merck commented that since we are well under 10% for Admin costs, this will give us some cushion for the disallowed costs.

Page 24 shows a pie chart of the percent allocations among the program priorities, based on Program Committee's recommendations which align to our overall organization strategy of helping people: 1) get a job, 2) keep a job, 3) improve their salary on the job and 4) get off of welfare. The major shift is that in the current year we focused more on REC than ITAs, where with the new year this will be more of a 50/50 split. Also, REC will go from a 6-month model to a 3-month model in order to serve more individuals. The smaller lines item consist of: Youth (summer and year round), Special Projects – STEM and N&E on HB1 grant and scholarships. Program priorities total $19.6M of budget.

Mr. Wylie asked if the expenditures for CEO, COO and CFO, as well as cost to recruit are accounted for in the budget. Mr. Alvarez affirmed that this includes the three key officers and the hiring of a compliance manager.

Mr. Yochum asked if the Program Committee is in concurrence with this plan. Mr. Alvarez affirmed that the Program Committee reviewed this last week. Mr. Neal added that the Program Committee concurred that the staff's identification of the program priorities matched the discussions and expectations which occurred in the Program Committee meetings.

Mr. Neal stated that the joint meeting of the Finance and Program Committees will be an opportunity to reconfirm everything with both committees present and determine if any modifications need to be made.

Mr. Ushkowitz asked about chamber expenses. Ms. Moyer replied there is a budget of $20,000 to become members of the larger chambers of commerce in each of the counties as well as the Metro Orlando Economic Development Commission (EDC). Also memberships to three associations: Society of Human Resource Management, Hotel & Lodging and Manufacturing. These will be used by the Employer Services team to network with employers. Mr. Neal pointed out these are costs for memberships, not sponsorships. There are no dollars in the budget for sponsorships. Mr. Merck commented that this is a very significant reduction over past expenditures and the right direction to take.

Mr. Alvarez reviewed page 26, which goes over WCF staffing statistics in PY 11-12 and the split of staff between programmatic (82%), DEO staff (12%) and administrative staff (6%). Also, the average yearly salaries by staff position level. 75% to 80% of our staff consists of the front line/entry level. There are 259 WCF staff and 36 DEO/state staff with a total of 295 staff.

Mr. Alvarez reviewed page 27, which shows a map and where each facility is located – there are nine facilities including the administrative office. Also, by facility: average the number of customers served, total square feet, cost per square foot, annual rental cost and lease expiration date. As leases expire, there will be an opportunity to consolidate offices. As the unemployment rate goes down, so will our funding – so this will give us an opportunity to start shrinking costs for the long term vision. Mr. Alvarez noted that, with the help of Mr. Katheder, we were able to renegotiate the Lake Office from a cost of $18.57 per square foot to $13.45 per square foot. This is a three year lease with a two year extension option. We will be saving $50,000 per year on the Lake Office. Also, effective June 30, 2012, we will be vacating the ZuCan Administrative office which is located across the hall from WCF Administrative office. This will be $180,000 in annual savings.

Mr. Alvarez indicated on the last slide are notes relative to the proposed WCF operating budget:

- The carry forward numbers for PY 11-12 are still estimates until end of the program year, since we have not completed May and June yet.
- The deferment of the 50% in WIA two-year funds to avoid peaks and valleys.
- Requesting authority for management to grant up to 5 percent merit increases, based on the outcomes of annual performance evaluations.
- Projected salary costs and benefit expenditures for new officers and key vacancies are in the budget.
- Projected rental costs reflect a decrease based on renegotiation of our Lake one-stop and vacating the Zucan Admin office.
- Budgeted overhead costs such as office supplies, utilities, etc. are projected at the same level as last fiscal year.

Mr. Wylie asked if it is the goal to have an office in each county we serve. Mr. Alvarez replied yes, the long term goal is to have a large one-stop in each county. Mr. Neal added that one of the ways to reach this goal of expanding our footprint is to expand on our partnerships with community based organizations. The ultimate goal of establishing relationships is so we can provide services through their facilities, since we cannot pay for more one-stop buildings. For instance, the Orange County Library System is interested in partnering with us. They already have banks of computers and we can set up a schedule where our staff come in at set times to provide various workshops and services to job seekers. So there are limitless opportunities to partner in this way with a multitude of community based organizations, without incurring extra costs.

Mr. Merck stated the he would like to see more exploration on salaries and how increases are granted – perhaps the Executive Committee could get involved. Right now this seems vague. We may be able to refer to the State or other RWBs and see what they have set up. We need more detail on this to make sure we are treating the employees fairly and we are taking into consideration how the State organization and other RWBs handle this.

Mr. Wylie asked if this organization pays for health insurance of its employees. Mr. Alvarez affirmed and that this has been budgeted down to salary, benefits and taxes.

Mr. Merck stated he is willing to recommend approval of the budget under the condition that management provide further details on how increases to staff are made, and detail on the benefits. This way the board will have a better understanding of how all this works and that it is consistent with other RWBs, if there is a consistency.

Mr. Neal stated that they have patterned this after the most recent historical practice of the board, which was to provide up to a 5% merit based increase, based on annual performance reviews. They are not recommending an across the board pay increase.

Mr. Neal stated that they will come back with further details on salary increases and benefits. This will be provided at the joint meeting next week.

Mr. Neal noted that in the "Action Item" document at the bottom of page 7, there is a section entitled "Additional Budget Authority". Besides the merit increase item, there are two other items related to authority to spend additional funds that may come in during the program year. As the additional funds are usually time-limited, staff requests the authority to expend additional funds in the same manner and categories as the original approved budget. Staff also requests the authority to make funding decisions to shift budget amounts around, as needed, to maximize the use of all funding allocations and to ensure that no grant will run a deficit throughout the program year.

Mr. Merck stated that he is ok with this as long as the Finance Committee is informed when these changes are made. Mr. Wylie added that these changes need to also be made in accordance with the grant stipulations.

Mr. Merck asked if he should abstain from voting on this action item since there is a portion in the budget, the H1B Grant, going to University of Central Florida (UCF), where he works. Mr. Neal replied that this was a commitment that the former board made and this is an ongoing commitment. Therefore, this is a continuing obligation of the organization. Mr. Neal stated this should not be a conflict. Mr. Yochum concurred with Mr. Neal, as long as the minutes reflect this information.

Mr. Merck stated that he recognizes that there is some money in the budget that is being proposed for UCF, where Mr. Merck is employed. His understanding is that by voting on the budget he is not in conflict, as this was a prior commitment with the previous board, which Mr. Merck was not a part of. Therefore Mr. Merck will be able to vote on the budget.

Mr. Wylie made a motion to approve the proposed budget as discussed, under the condition that management provides further details on salary and benefit administration. Mr. Yochum seconded, motion passed unanimously.

CHAIR'S CLOSING REMARKS

Mr. Merck stated that a lot of details on the budget were covered by Mr. Neal and staff today; however, this was very helpful to the committee so they can gain a good understanding before approving the budget. With PAR, we have more accuracy in charging hours to appropriate grants.

UPCOMING MEETINGS

- Tuesday, June 5, 2012 – 10:30am to 12:30pm – Joint Meeting of Finance and Program Committee / East Orange JobVantage
- Thursday, June 14, 2012 – 10:00am to 12:00pm – WCF Board of Directors / East Orange JobVantage

ADJOURNMENT

There being no other business, the meeting was adjourned at 10:46 a.m.

Respectfully submitted,

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Kaz Kasal
Sr. Administrative Assistant

DRAFT

Finance and Program Committees' Joint Meeting

JobVantage
4360 East Colonial
Orlando, FL 32803
Tuesday, June 5, 2012
10:30 a.m.

MINUTES

MEMBERS PRESENT:	Deborah Clements, Melanie Cornell (via phone), Bill Merck, Brian Michaels, Dr. Sanford Shugart, Richard Sweat, Eric Ushkowitz, Mark Wylie and Tom Yochum (via phone)
MEMBERS ABSENT:	Greg Beliveau, Wendy Brandon, Larry Dale, Tirso Moreno, and Joe Sarnovsky
STAFF PRESENT:	Kevin Neal, Leo Alvarez, Suzan Awad, Homer Boone, Maryanne Harkey, Anika Holmes, Chad Kunerth, Jason Lietz, Wendy Jo Moyer, Jody Toner and Kaz Kasal
GUESTS PRESENT:	

WELCOME & CHAIR'S REMARKS

Introductions
Mr. Merck called the meeting to order at 10:40am, welcomed those in attendance and introductions were made.

Roll Call/Establishment of Quorum
Ms. Kasal commenced with roll call and Mr. Merck reported there was a quorum present.

Public Comment
None offered.

INFORMATION AND DISCUSSION ITEMS

2012-13 Program Year Budget Priorities
Mr. Neal referenced the "Program Year 2012-13 Budget" handout and stated for today's meeting we have narrowed down the focus to the program priorities of the 12-13 budget. The driving factor that staff kept in mind during the development of next program year's budget was to become better stewards of taxpayer dollars, with the overarching principles being:

- Eliminate duplication
- Create efficiencies
- Reduce administrative costs
- Focus on program priorities, as identified by the Program Review Committee
- Utilization of technology to maximize customer engagement

Mr. Neal indicated that at the last program committee they reviewed and confirmed that the program priorities staff compiled were based on the committee's discussion and input over the last several months. These program priorities were then line itemed. Referring to page 5 entitled "12-13 Proposed Budget Program Priorities Line Items", each line item represents each program priority. He asked each manager to discuss their respective areas of the program priorities.

Ms. Toner reviewed the following WIA initiatives on the "12-13 Proposed Budget Program Priorities Line Items" list.

- Individual Training Accounts (ITAs) - $6M – this will yield 1,000 enrollments (900 for WIA-Adult and Dislocated Worker, and 100 for WT/TANF). In addition, we will have approximately 240 that will be carried in from this program year to next with a cost of about $700,000 – this is based on customers' end date in training occurring in the next program year.

  Mr. Neal elaborated that ITAs are training vouchers authorized under WIA. Instead of giving money directly to participants, the federal government set up a voucher system, where once a participant is deemed eligible for training dollars, WCF makes financial arrangements with the approved training provider to pay up to $5,000 in training costs for this participant. The board recently approved an increase in this $5,000 cap to a two-tiered cap of $5,000 and $7,000 based on the occupation being trained into.

- Re-Employment Connection (REC)- $6.7M – this is WCF's paid subsidized work experience program. We have consolidated this program from a 6-month model/$12 per hour to a 3-month model/$12 per hour – this will reduce the overall cost from $14,500 to $6,512 per participant. We will be able to increase our new enrollments to serve 1,000 (750 for WIA and 250 for WT). There is a high customer demand for this particular initiative and we have realized some great success and hires from the host worksites.

- Summer Youth – Work Experience Program - $3.1M. Very similar to the REC program, this is a paid internship for youth (ages 16 to 21) which is administered during the summer months. The program has 6-week, 7-week and 14-week models depending on whether participant is in-school or out-of-school youth. This current program year we are serving 900 youth with a budget of $3.8M. We are recommending we reduce for next year (2013) to a budget of $3.1M which will give us the flexibility to serve 700 and 850 youth depending on the model. This is part-time employment, with a maximum of 35 hours per week at $8.25 per hour. We have had summer youth programs since 2009 with tremendous success each year.

- WIA Youth – Year Round Program - $1.5M. During a recent monitoring visit, we learned we were out of compliance because we were not offering out-of-school youth the opportunity to participate in ongoing services on a year round basis. With the year round program, we are recommending doing a combination of ITA/training scholarships which will give us the flexibility to serve an additional 225 youth (ages 16 to 21) during non-summer months, 75 ITAs for educational opportunities and 125 for year for round work experience. The average cost per participant for the work experience model is about $4,477, which is still comparable to the value of an ITA. This would be a 12-week (3-month) model at $8.25 per hour for 40 hours maximum per week. This year round program is commonly offered within workforce development.

Mr. Kunerth reviewed the following Special Projects (STEM and New & Emerging Industries) on the "12-13 Proposed Budget Program Priorities Line Items" list.

- H1B Grant - $200,000. This is a four year, USDOL grant of $750,000 with UCF, and we will be spending $200,000 this year. Our component is a work experience program and the intention is to get the highly skilled, displaced workers from the Space Coast area into the work experience program and STEM related occupations in our region. With a 16-week program at $21 per hour, employers can see if these participants would be good fit in their company. This will serve 50 participants.
- Scholarships - $87,500. This initiative helps to encourage college students to go into a STEM related occupation for their degree. This will serve 25 students at $3,500 per each – these are TANF dollars (students with parents who are active cash recipients).

  For the coming program year, with the main focus on short term outcomes related to employment, we have greatly reduced these STEM related projects that serve youth and will not be doing any K-12 initiatives.

Mr. Neal stated that the Special Projects unit had been headed by a V.P. of Special Projects and Strategic Initiatives who resigned a few months ago. Mr. Kunerth agreed to assume the interim task of supervising this unit in addition to his regular duties. He has done a great job of sorting out a laundry list of special projects that had not been managed properly in the past. As a result of this past poor management, we are six months late paying $300,000 primarily to UCF. We are still in the process of working through these contractual issues, which should have been done on the front side prior to executing the contracts. For the next program year, we will be substantially reducing the number of special projects we take on.

Mr. Lietz and Ms. Moyer reviewed the following Communications and Outreach initiative on the "12-13 Proposed Budget Program Priorities Line Items" list. Mr. Lietz stated that they greatly reduced the communications budget from $750,000 to $240,000.

- Advertising - $100,000 – this is for proactive advertising specifically related to campaigns. There are federal requirements that do not allow us to do an image campaign, but we can go out and tell our story in relationship to the various services and products we offer. This will be driven by the programs being offered and where there is need. One of the campaigns under consideration is a campaign of our online services, to push more customers to utilize these online services.
- New signage - $40,000 – This is two-fold: if the State approves a statewide brand, it will cost $40,000 to change over all of our signage, stationary, business cards, name tags, etc.; however, if no statewide brand, we would not need $40,000, but still will be proposing a unified local brand for the region.
- New website - $24,600
- Chamber expense - $20,000. This is for membership fees only in the largest chambers of commerce in each of the counties, as well as the economic development organizations. Also three trade associations: Society of Human Resource Management, Hotel & Lodging Association and Manufacturing Association. This does not cover sponsorships or events. The memberships will be used by the Employer Services team to attend meetings and network with employers to encourage them to post jobs with us.
- Graphics for mobile units - $20,000. This will allow us to rebrand and remove the superhero graphics

that are currently on two of the units. Also, this will allow us to rebrand to statewide brand, if this takes place.

- Newsletter - $12,600. To maintain and continue our two newsletters each month: Workforce Insider (for job seekers) and Workforce Watch (for employers).
- Media Monitoring - $3,800. This is for a service that monitors all print newspapers and television broadcast news in Florida on any news items regarding WCF. Ms. Moyer currently monitors all online media.
- PDF software for annual report - $1,500. Allows for purchasing of online software to make a PDF magazine. This would then be used for a lot of projects, such as the State of the Workforce Survey Report.
- Community events - $17,500. There is $10,000 within this line item that will be for a veterans' community organization event, to bring together all organizations that serve veterans to find out what each offers and determine how we can most effectively serve veterans through joint efforts. This is just a reserve – it may not cost much or anything for this event. Based on Chair Shaughnessy's enthusiasm and focus to serve veterans, we want to make sure we most effectively facilitate this event for successful outcome. So any money not spent for this event can be rolled into other job seeker programs.

Mr. Wylie asked, under the advertising budget, where would we be spending this money. Mr. Lietz replied that this will be based on where there is a need in the programs. If we use this to advertise job fairs, we typically advertise in the newspaper and online. If we are trying to target the youth population, we have had past success with radio and remote locations. With the reduction in costs for advertising, we are taking a grass roots approach, working with community partners to help us get the word out versus using mass media. Especially since our message is complex to do on a large scale, this is why we are approaching this based on what programs we want to emphasize and the most effective way to reach the target population. Mr. Neal added that a lot of this will be driven by the V.P. Communication, once the new CEO hires this person. For next program year, instead of spending a sizeable chunk of money to an advertising firm, all of this will be done in-house, so a lot of money will be saved in this respect.

Mr. Ushkowitz asked with the memberships with the chambers or EDOs, if there has been any discussion with regard to trade or no-cost. Ms. Moyer replied yes – they will be contacting each organization to see how we can do trades. This is significantly lower than our expenses in the past as we are targeting just the largest organizations, so we can reach the most people instead of being a member with all of them.

Ms. Clements asked if $20,000 is enough to cover the memberships. Ms. Moyer affirmed. Mr. Lietz added that these are base level memberships.

Ms. Clements stated to really benefit from the memberships requires additional investment with staff attending meetings, events and networking. Jason stated that there will be dedicated staff working with organizations to get included at no additional fees.

Mr. Sweat asked what WCF expects to benefit from the memberships. Mr. Lietz replied that 1) employers will start to use WCF services and 2) this will be an avenue to talk on a peer-to-peer basis – to have them spread our success stories, get over the misconceptions, and get the word out.

Mr. Sweat asked how this will be measured. Mr. Lietz replied that the Employer Services department will be tracking status and numbers that are yielded from the investment dollars on memberships.

Ms. Clements commented that with these memberships it will be important to have active staff involvement. Mr. Neal concurred that to make these memberships meaningful, it will be important to attend meetings and strategically determine which events WCF will need to have a strong presence.

Ms. Clement asked how the money will be paid to attend the chamber events. Mr. Neal replied this would come out of a different fund. The chamber expense discussed in this line item is just for memberships. Mr. Lietz added that in the past they tried to be members of every chamber which was completely ineffective; however, we are concerned that we may upset some of the chambers, but we only have limited resources and staff. So if board members receive inquiries in the community asking why WCF is not a member of this chamber or that chamber – this reason should be communicated. Ms. Holmes stated that with the small chambers we are not members of, we are forming partnerships so we can bridge these gaps. We have been successful with this thus far.

Mr. Sweat asked who is our internal advocate going out and negotiating with these types organizations and asks for support and exchange of services. Ms. Moyer indicated that she would be the advocate; however, we have not moved forward yet as we will need board approval with anything related to chambers. Mr. Lietz added that an idea they came up with is sending out a questionnaire that would come from board members who could serve as advocates and use their inside connections. Ms. Holmes commented that board members have reached out to their chambers to promote WCF, and as a result of this, WCF has partnerships with three.

Dr. Shugart stated that with regard to these comments we need to understand and keep in mind: 1) with new leadership coming in, larger strategies are yet to be shaped, 2) recovering trust and clearly indicating a C change in direction of the organization – this is a different communication strategy than raising demand for services and 3) if the indication of a C change and what might be required with this can wait until the PY 13-14 budget? However if the need is more immediate, perhaps in the November to January timeframe we could reach out to the community with the message being – here is how different we are than what we were a couple of years ago. So we need to have some capacity/flexibility in the communication budget for contingencies, in case we need to add additional funds for community messaging outreach during next program year. Mr. Neal concurred with this.

Ms. Holmes reviewed the following Employer Services initiatives on the "12-13 Proposed Budget Program Priorities Line Items" list.

- On-the-job training - $1.2M. Two types of job seekers are served: underemployed and unemployed. The on-the-job training program, EWT and customized training are all employer driven programs that serve those individuals by promoting an employee within the organization to reach the self-sufficiency wage rate by training this employee. In return, this creates a vacancy of the employee's current position as they are promoted to the higher position, which can be filled by an unemployed individual – so this opens up the possibility to hire. We are looking to serve 171 employees at a maximum of $7,000. This is a six month reimbursement directly to the employer, based on them making a commitment to hire or retain/promote the existing employee to self-sufficiency wage rate.
- Employed Worker Training (EWT) and customized training - $250,000. This goes hand-in-hand – an employer identifies necessary training for current employees to attain additional skills in order to

remain employed in the organization/company. The way this works is WCF offers a 50% reimbursement upon successful completion and they have identified they are able to keep their doors open and give a wage increase to get closer to the self-sufficiency definition. Self-sufficiency wage rate in our region is $51,000, based on a family size of one individual. We are looking to serve 200 individuals with an average cost of $1,250 per individual. This requires an in-kind match from the employer to show that they are investing in their employee(s).

- Entrepreneur program - $150,000. This serves two customers: 1) the unemployed who have a niche and are looking to start their own business and 2) businesses – to take them to the next level and help them increase their business so they are able to hire additional employees. In our region, 67% of businesses are under four employees and many want to hire more, so we will provide training to help them take their businesses to the next level. We are looking to serve 230 at $653 per individual (115 for small businesses and 115 for unemployed).

  Mr. Ushkowitz asked what kind of service will be provided with the entrepreneur program. Ms. Holmes replied that in the past we facilitated Launch 2.0, which was a big expo that included a half day seminar. Also, there was an entrepreneurial boot camp which UCF administered, where 25 individuals were selected for entrepreneurial training. For the coming year, we are looking at partnering with the community colleges to see what entrepreneurial programs they offer. Individuals interested in this training program, will attend a mini-class and WCF staff will screen and identify which individuals would go to the next level and receive the entrepreneurial training.

Dr. Shugart made a motion for the Finance and Program Committees to approve and bring to full board the PY 12-13 year budget priorities and related budget. Mr. Wylie seconded.

Dr. Shugart stated that every budget tells a story and it is really important that this budget tells a clear story about the approximate outcomes. The themes as discussed at the committee meetings are: 1) we are moving the money to the mission and 2) clearly accounting for people served with these changes in the budget. Some key talking points/sub-stories would include: doubling the impact of the REC program by serving twice as many people at half the cost, or attaining the same outcomes and reducing the cost per positive outcome in half. Re-invigorating direct outreach to businesses by deploying staff to go out and establish relationships in the business community. The main message is that we are back to business, which is getting people jobs by working directly with employers and job seekers in the most efficient way we can. Finally, an impact story of the shift from the old narrow high-wage areas to the broad new strategy of getting as many people employed in good jobs as quickly as we can – and the training related to this. We need to claim training as a positive outcome in our messaging – that getting more people in relevant training is a good thing.

Dr. Shugart asked the WCF communication staff to build a set of messages that the Chairman can take to the community with regard to the positive changes WCF has made over the last six months. Here is a plan and impact for the next program year.

After review of above motion made by Dr. Shugart and seconded by Mr. Wylie, the Finance and Program committees voted unanimously to pass the motion.

<u>ACTION ITEM</u>

- Individual Training Accounts (ITA) policy – Mr. Neal stated that this action item will have to be deferred to a later meeting as the state is still working on revisions to this policy.

- Delegation of Authority – Mr. Neal stated that during the last Finance Committee meeting, there was a request that management be delegated authority to grant up to 5% merit increases based on annual performance reviews. Chair Merck, as a condition of the Finance Committee approving the 12-13 budget, asked that additional information be brought to today's joint meeting for further review.

  Mr. Merck added that he wanted to make sure that there is a process and procedure that is documented and followed.

  Mr. Neal referenced the "Approval of Merit Increase for PY 11-12" action item in today's meeting packet. This provides background on the current process as well as a copy of the "WCF Employee Performance Evaluation Form". Each year performance evaluations are done for all full-time staff at the end of program year. This usually takes place in July or August. Historically, the board has authorized management to provide increases Mr. Neal reviewed the previous program year's information on merit increases and how many staff received or did not receive. Going forward, one of the areas Mr. Neal recommends be changed is that for any staff who receives a "below standards" evaluation, that this employee should not receive an increase and be at 0%, instead of receiving 1%.

  Mr. Wylie asked how long management would keep someone employed if they annually are below standards. Mr. Neal replied that according to the personnel handbook, if an employee falls below expectations twice it could lead to disciplinary action.

  Dr. Shugart asked if the WCF staff are on contract or employees at-will. Mr. Neal replied they are employees at-will.

  Dr. Shugart asked if there has been an across the board raise in the past years or any policy to provide one? Mr. Neal replied that what typically happens statewide is the RWBs generally follow the lead of the legislature. Since the legislature has not granted any across the board raises, then the RWBs typically do not, including the state board.

  Dr. Shugart commented that this will need to be discussed further at the board meeting. There will probably be a concern of staff receiving raises after more than a year of negative press. The message to be communicated both to the full board and public are: 1) there have been dramatic staff changes over the past year and the talent we have we want to keep; 2) there is no across the board increases in pay, and 3) there is provision for very modest merit-based increases, based on staff performance evaluations. Historically, about two thirds of employees have received an increase ranging from 1% to 3%. We may want to consider whether 5% makes sense and/or how rare a 5% increase should be given to an employee, given the slow market in our current economic situation. Mr. Neal concurred with Dr. Shugart's comments on this. He has stressed to management that going forward any notions of entitlement should be eliminated. This organization is somewhat shielded as there is an annual allocation from congress that is not necessarily reflective of general economy – it is counter cyclical.

Dr. Shugart wondered how the Governor would perceive the awarding of merit increases as a workaround to his expectation. Mr. Neal commented that the Governor's own state workforce board has granted their management team the same authority.

Ms. Clements asked what the total amount is that has been budgeted for merit increases on a percentage basis? Mr. Alvarez replied that this is based on a 3% average, obviously not across the board. Ms. Clements commented that 3% is more in line with what is occurring in the private industry sector.

Mr. Neal stated that based on today's discussion they will modify the recommendation on this for the full board.

CHAIRS' CLOSING REMARKS

Mr. Merck stated that we have accomplished what we set out to – which was with the Program Committee having several meetings to determine the program priorities for upcoming year and then the Finance Committee working with staff to structure the budget based on these program priorities. Now with the both Finance and Program committees approving this, we will bring this to the full board for review and approval. This will include a further explanation of the merit increase matter and flexibility in the budget to accommodate any necessary changes during the program year.

Dr. Shugart concurred with Mr. Merck's comments. He added the Program Committee is also working on the five-year plan and will be coming back to Finance Committee for coordination on this for the budget model. Another area of focus is the refining of the metrics. The locally designed metrics are better than the state and national metrics, but there are still challenges – so the Program Committee will work with the Finance Committee in this area too.

UPCOMING MEETINGS

- Thursday, June 14, 2012 – 10:00am to 12:00pm – WCF Board of Directors / East Orange JobVantage

ADJOURNMENT

There being no other business, the meeting was adjourned at 11:45 a.m.

Respectfully submitted,

Kaz Kasal
Sr. Administrative Assistant

Draft
Legal Services Committee Meeting

Heart of Florida United Way
Dr. Nelson Ying Center
1940 Traylor Blvd., Orlando, FL 32804
Universal Conference Room
Monday, November 14, 2011
8:30 a.m.

MINUTES

MEMBERS PRESENT:	Thomas Katheder, Bill Merck, and Kevin Shaughnessy
MEMBERS ABSENT:	None
STAFF PRESENT:	Kevin Neal, Alice Cobb, and Kaz Kasai

CALL TO ORDER
Mr. Katheder called the meeting to order at 8:30am and welcomed those in attendance.

ESTABLISHMENT OF QUORUM
Mr. Katheder reported that there was a quorum present.

PUBLIC COMMENT
None offered.

EXISTING LEGAL REPRESENTATION
At request of Mr. Shaughnessy and the board, Mr. Katheder stated he met with two of the outside counsel currently providing legal services to WCF: 1) Charles "Skip" Sell and 2) Chelsea Flynn (Ford & Harrison).

Mr. Katheder indicated his meeting with Mr. Sell included discussion with regard to claims roundup, D&O insurance coverage, and matters that were reported in the media. Mr. Sell has represented WCF since 2006 – he is a principal of his own law firm and a University of Miami Law Graduate (1983). Based on their discussion, Mr. Katheder indicated that he was satisfied with the advice that was given by Mr. Sell – no advice from what he reviewed so far was inappropriate; however Mr. Katheder is still assessing and this is a pending ongoing review. Mr. Sell is on retainer for $2,500 per month, the bulk of this is to prepare, attend and answer questions at board meetings. If the hourly time goes above this retainer, there is a bill for this directly. Mr. Katheder asked Mr. Sell if he was open to re-negotiating the retainer agreement and Mr. Sell indicated he was.

Mr. Merck expressed his concerns that since Mr. Sell was the legal counsel during the time that the prior board and staff faced a lot of trouble, it would worth assessing his representation - to determine if we should continue with his services or not. Mr. Katheder added that he went into his discussions with both attorneys with a skeptical mindset. As he reviewed documents and had further discussions with Mr. Sell, he got the impression the attorney was giving correct advice, but that it was not always followed or he was not given adequate information. Mr. Katheder recommends that we continue with the existing counsel, but continue to evaluate/assess – and at any point if the board wants to change legal services, then we make that change. Mr. Katheder commented that part of his concern is - since the organization has been shorn of so many people we have lost that knowledge. Mr. Sell knows a lot of what is going on.

Mr. Merck asked if it is unusual to sign contractual documents without legal review. Mr. Katheder responded that this is a judgment call. With very large organizations, there is legal review before officers sign, but with smaller organizations – many do not have the resources for this outside legal counsel. WCF has legal counsel for litigation and employment, but what is missing is contractual administration – we do not need a full time counsel for transactions, but do need a contractual administrator who is familiar with government regulations, non-profit organizations and OMBs. May need another committee to set up a standard contracts administration process which is approved by legal review, then this process would be strictly followed by staff.

Mr. Neal observed that WCF does not have a formal contract review process and often there is not a legal review, sign off. Mr. Neal agrees with Mr. Katheder's advice to have a contract administrator on board and recommends that this individual has a background with compliance experience. Auditors that work for the state regularly review DOE compliance and regulations – we may be able to recruit one of them. Mr. Katheder added this is the skill set we need, plus have experience with drafting contracts.

Mr. Merck asked if there would be one central contract administrator for WCF's five county region. Mr. responded that yes, only one contract administrator would be needed – documentation could be routed electronically.

Mr. Katheder inquired about how other workforce organizations handle legal/contractual processes. Ms. Cobb stated that she did a survey with the other workforce boards. One region has a paralegal that does contract compliance, one region has a full time legal counsel paid for by the county, all others do not have this – they pay a retainer for legal assistance when it is needed.

Mr. Shaughnessy advised that Mr. Sell should provide after-the-fact/pre-existing agreements to be signed for each current legal matter his handling. We should sign each agreement to confirm that it is reasonable, allowable and allocable. Mr. Merck added we should also have Mr. Sell draft up an agreement for prospective work of upcoming legal matters as well. Mr. Katheder indicated that in his discussion with Mr. Sell, Mr. Sell agreed with and is willing to scrap the old retainer agreement and start over and providing drafts. Mr. Katheder stated that this should include renegotiating his rate to scale based on the level of complexity of the work. Mr. Shaughnessy added that we should review all the agreements with the interim CFO and Mr. Neal to make sure they are all in compliance with OMB regulations. Mr. Neal stated that Mr. Doyal with DEO will be at WCF starting this Wednesday (11/16/11) – and will work in the capacity of interim CFO a few days each week. Mr. Doyal has been Grants Manager for the department for the past 10 years.

Mr. Shaughnessy stated we need to see what has been paid to Mr. Sell and Ford & Harrison by year. If we go out to market for new legal counsel, we need to have this back up documentation for our reference.

Mr. Shaughnessy advised that legal counsel should report to board chair - at least in the interim, until things get back on track. Mr. Neal recommended that he should be the coordinator of legal counsel – if staff needs legal advice, they should get with Mr. Neal and he would coordinate with the chair and legal counsel. Also if legal counsel needs to reach out to staff, he should contact Mr. Neal first. The committee concurred with this arrangement.

Mr. Katheder also met with Chelsea Flynn, Ford & Harrison. She is an expert in employment litigation and a 2002 graduate. She has worked on EEOC claims with WCF. Mr. Katheder observed that she is bright and competent, and her advice has not been inappropriate. The committee concurred that everything that has been discussed in this meeting with respect with Mr. Sell, including retainer/agreements to be redrafted, should also apply to Ms. Flynn.

CLAIMS ADMINISTRATION/EXISTING CLAIMS

Mr. Katheder reviewed the D&O insurance last week – he spoke with staff and the insurance broker. Mr. Katheder indicated that the claims process is fragmented and scattered. Claims were with various parts of the organization and attorneys – there was no comprehensive, centralized list. Mr. Katheder recommends that Mr. Neal and Ms. Cobb work with staff and come up with a claims and administration process – i.e. when claims come in, who are they forwarded to, which lawyer reviews. The committee asked Mr. Neal and Ms. Cobb to have this drafted up by 12/31/11 and they concurred. Mr. Katheder indicated that he will directly work on the terms of renegotiations of the retainers with the attorneys. The committee agreed that there will be direct board members involvement with staff on day-to-day processes; in light of WCF's current position and at the direction of the consortium, the board will be scrutinizing processes at lowers levels until that are satisfied. Once satisfied on the lower levels, they will then redirect focus to the higher level of policy overview, which is where boards normally function. Ms. Cobb responded that both she and Mr. Neal welcome the board's close involvement and help in reviewing and improving WCF's processes, as we need to restore the confidence of the Governor, consortium and the community.

There being no other business, the meeting was adjourned at 8:58 a.m.

Respectfully submitted,

Kaz Kasal
Sr. Administrative Assistant

Draft
Legal Services Committee Meeting

Teleconference
Monday, April 2, 2012
9:30 p.m.

MINUTES

MEMBERS PRESENT: Via Phone: Thomas Katheder (Chair), Kevin Shaughnessy, William F. Merck II

MEMBERS ABSENT: None

STAFF PRESENT: Via Phone: Kevin Neal

WELCOME
Chairman Katheder called the meeting to order at 9:30 a.m. and welcomed those in attendance.

ESTABLISHMENT OF QUORUM
Chairman Katheder reported that there was a quorum present.

PUBLIC COMMENT
None offered.

The committee members discussed the pros and cons of filing a petition for administrative hearing in response to a final determination letter and demand for repayment of $38,875.60 issued by the Department of Economic Opportunity (DEO).

The DEO letter was dated March 9, 2011, and received by WCF on March 12, 2012, via certified mail.

WCF has 21 days after receiving the demand letter to file a petition for an administrative hearing with DEO.

Following the committee's discussion, the committee took the following action:

Motion: Bill Merck made a motion to have Interim Executive Director Kevin Neal draft a letter to DEO, for WCF Chairman Kevin Shaughnessy's signature, to inform DEO that although the Legal Services Committee believes there are valid disputes of law and material fact concerning the disallowance, the committee felt that WCF's interests would be best served by not filing a petition for hearing.

2nd: Kevin Shaughnessy seconded the motion.

The motion was approved unanimously.

There being no other business, the meeting was adjourned at 10:15 a.m.

Respectfully submitted,

Kevin Neal
Interim Executive Director

Approved: April 19, 2012 Legal Services Committee Meeting

DRAFT

Legal Services Committee Meeting

Thursday, April 19, 2012
3:00 - 4:30 p.m.

MINUTES

MEMBERS PRESENT: Thomas Katheder (Chair), Kevin Shaughnessy, William F. Merck II

MEMBERS ABSENT: None

STAFF PRESENT: Kevin Neal, Leo Alvarez

WELCOME
Chairman Katheder called the meeting to order at 3:19 p.m. and welcomed those in attendance.

ESTABLISHMENT OF QUORUM
Chairman Katheder reported that there was a quorum present.

PUBLIC COMMENT
The following members of the public provided comments:
Robin Drage provided comments on behalf of her law firm's principal Scott Cookson.
James Stokes provided comments regarding the joint response with Roper & Roper, P.A.

The committee members reviewed and discussed responses to the request for proposals (RFQ) to provide outside legal counsel to Workforce Central Florida. The 15 firms who responded to the RFQ included:

1. deBeaubien, Knight, Simmons, Mantzaris & Neal, LLP
2. Foley & Lardner LLP
3. Fowler, O'Quinn, Feeney & Sneed, P.A.
4. Fox, Wackeen, Dungey, Beard, Sobel, Bush & McCluskey, L.L.P.
5. GrayRobinson, P.A.
6. McLin Burnsed
7. Rochelle J. Daniels
8. James D. Stokes/Roper & Roper, P.A.
9. Brian F. Moes/ Grower, Ketcham, Rutherford, et al., P.A.
10. Saxon, Gilmore, Carraway & Gibbons, P.A.
11. Shepard, Smith & Cassady, P.A.
12. Shuffield Lowman
13. Shutts & Bowen LLP

14. Winderweedle, Haines, Ward & Woodman, P.A.

15. Zies, Widerman, & Malek, P.L.

Following the committee's discussion, the committee took the following action:

Motion: Bill Merck made a motion to recommend Gray Robinson, P.A. to the full board of directors.

2nd: Kevin Shaughnessy seconded the motion.

The motion was approved unanimously.

There being no other business, the meeting was adjourned at 4:04 p.m.

Respectfully submitted,

Kevin Neal
Interim Executive Director

WORKFORCE
CENTRAL FLORIDA

MEMORANDUM

To: WCF Finance Committee
From: Leo Alvarez
Subject: Summary of Accounting, Procurement and Contracting Policies
Date: October 16, 2012

On September 21, 2011 Governor Scott designated WCF as a "high-risk" grantee. As a "high-risk" Organization, WCF was made subject to special condition and restrictions described in Governors Scott's letter. The letter required WCF to obtain services of an independent knowledgeable third-party firm to perform and complete policies pertaining to accounting, procurement and contracting. WCF hired Taylor, Lombardi, Hall, Wydra, P.A. (TLHW) to provide technical assistance to help complete WCF's new policies and procedures. Upon completion of the policies they were sent to the Department of Economic Opportunity (DEO) for review. After a review of the comments received from DEO was completed a draft of all three policies was sent to the Finance Committee for comments.

Below is a summary of the major component within WCF's new policies and procedures:

- Procurement Procedures – Designates level of authority for bids and formal request for proposals
- Contract Administration - Determination of Vendor versus subrecipient relationships
- Emphasizes Board of Directors contracting rules
- Outlines procedures for contract modifications/renewals and contract closeouts
- Adds federally required contract provisions, certifications and assurances
- Lists items requiring state approval prior to purchasing

The following table displays required approvals and solicitations:

Amount of Purchase	Required Approvals	Required Solicitation
< $1,000	Departmental Director – discretionary P.O.	minimum of two price comparisons (verbal or written)
$1,000 - $4,999.99	Departmental Director	minimum of two price comparisons (verbal or written)
$5,000 - $24,999.99	Departmental Director & President/CEO	at least two written quotes
$25,000 - $49,999.99	Departmental Director & President/CEO	at least three written quotes
$50,000 - $99,999.99	Departmental Director, President/CEO, and Executive Committee	at least three written quotes
$100,000 and above	Board of Directors	RFP, RFQ

- Contracts and purchases of $50,000.00 or more require approval by the Executive Committee of the Board of Directors and purchases of $100,000 or more require approval by the Board of Directors.

TABLE OF AUTHORITIES

The Board reviews, approves, and establishes the authority levels for property and procurement processes and procedures. The authority levels are as follows:

Position	Check Signers*	Purchase Requisition/ Order	Issue RFP/RFQ	Approve Selection of Contractor/ Vendor	Sign Contract & Amendment
President/CEO	Authorized	$50,000	$100,000	$50,000	Authorized
Executive VP**	Authorized	$50,000	$100,000	$50,000	Authorized
VP of Finance/Accounting	None	$5,000	None	None	None
Department Directors	Authorized	$5,000	None	None	None
Board Chair	Authorized	N/A	N/A	N/A	Inform
Board	None	N/A	N/A	Unlimited	Inform

* Checks of $10,000 or more require two original signatures and, for checks of $100,000 or more, one of the original signatures must be by the Board Chair.

** Approval authorities are based on "as designee" by the President/CEO.

Note: Approval authorities are up to the amounts listed in the table (i.e., amounts less than).

The following is a list of all current bank accounts used by WCF:

Bank	Type of Accounts	Use of Accounts	Authorized Signers for all accounts	General Ledger Number
CNL Bank	Interest Bearing Checking Account	General Operating Account for WCF AP	CEO, COO, Director of Programs, Chairman of the Board	1002 AP
	Non-Interest Bearing Checking Acct	WCF Payroll		1005 PR
	Non-Interest Bearing Checking Account	Unrestricted Funds Account		1008 AP

- The bank account is insured by the FDIC for up to $250,000. In addition, the bank is on file with the State of Florida as a qualified public depository, and thus, all WCF funds on deposit are collaterally insured beyond the FDIC limit.

- The Board of Directors authorizes all bank accounts and check signers on an annual basis. In addition, the bank is immediately notified by the CEO of any changes of authorized check signers. The check signers are the CEO, COO, Director of Programs, and the Chairman of the Board. Checks for the Operating and Payroll accounts require one signature for checks written for the amount of $10,000 or less. Check written for the amount over $10,000 requires two signatures. The Unrestricted account is set up for a single signature. Previously the authorized signers on all of the accounts stated above were the CEO, COO, and the Finance Director. All checks required dual signature.

WORKFORCE CENTRAL FLORIDA

EMPLOYEE LEASING SERVICES RFQ
EVALUATION SUMMARY FOR SUBSIDIZED PROGRAMS

BACKGROUND:

Workforce Central Florida (WCF) requested qualifications from employee leasing (payroll and HR) service providers in the Central Florida region on June 1, 2012. The criteria of the Request for Qualifications (RFQ) included the ability to meet all solicitation requirements and overall proposal responsiveness including:

A. Relevant experience/expertise and background in professional employer organization and payroll outsourcing services
B. References
C. Price Proposal
D. Insurance
E. Relationship disclosure

Also, the criteria included capability, experience and expertise of the firm as a whole in servicing public agencies, non-profit organizations or federal-grant recipients, the firm's service fee and M/WBE status.

WCF received five (5) proposals from following vendors: ZeroChaos, Manpower, TEWS Company, Exceptional Staffing, FrankCrum.

REVIEW TEAM:

A review team of four was created that included staff from the Programs Department, Customer Service Department and Human Resources. These team members were:

- Rebecca Toolsie, WIA Program Manager
- Jennifer Wilson, Special Projects manager
- Homer Boone, WP Program Manager
- Laurie Asbury, Human Resources Manager

RESULTS:

	Average Score
ZeroChaos	54.25 out of 100
Manpower	83.50 out of 100
TEWS Company	90.50 out of 100
Exceptional Staffing	82.25 out of 100
FrankCrum	10.00 out of 100

SUMMARY:

The RFQ for employee leasing companies to serve Workforce Central Florida's Subsidized employment programs provided an opportunity to demonstrate what the market has to offer. In the review process, along with the market information, the committee had the opportunity to evaluate the programs that are currently being executed in-house. The Summer Job Connection (SJC) and Reemployment Connection (REC) programs have been administered by Workforce Central Florida's payroll since the initiation of the work experience program(s).

Based on the RFQ responses, TEWS seems to be the most qualified firm to provide the service required based on the scope of work, directives and evaluation criteria presented in the solicitation. TEWS had the highest score with a 90.5 out of a possible 100 points. They were followed by Manpower, which scored an 83.5 out of 100 points.

EMPLOYEE LEASING FEE CHART:

RESPONDENT NAME	ZEROCHAOS	MANPOWER	TEWS COMPANY	EXCEPTIONAL STAFFING	FRANKCRUM
SJC Rates for Weekly Payroll (35hrs) for a total of 900 participants at $8.25 pay rate.					
Percentage Mark-up *	38%	23%	18%	18.15%	See propsal
2. Bill Rate from $8.25/hr. wage rate	$ 11.385	$10.15	$9.74	$9.747	
Postage/envelopes	Included in Mark up	None	Included in Mark up	0.52/EMPLOYEE/PAYROLL	
Other applicable charges, if any	Included in Mark up	None	See note on proposal	None	

RECOMMENDATION:

Based on the review conducted and team scores for the RFQ, WCF's staff recommends that TEWS Company be selected for contract negotiations, subject to a reference check. If there are any issues found during the reference check or the final contract negotiation, WCF staff will contact the second highest scoring company, Manpower, and will notify the Finance Committee via email prior to the full Board meeting scheduled on October 30, 2012.

Rick Scott
GOVERNOR

FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY

Hunting F. Deutsch
EXECUTIVE DIRECTOR

October 9, 2012

Ms. Pamela Nabors
Executive Director Workforce Central Florida
707 Mendham Boulevard, Suite 250
Orlando, Florida 32825

Subject: Prior Approvals and Leasing Plan- Item 6

Dear Ms. Nabors:

The purpose of this letter is to approve the leasehold improvements for fiscal years 2008-09, 2009-10, 2010-11 and to establish a requirement that Workforce Central Florida (WCF) submit a lease plan detailing all existing leased space and maintain the plan for the future years as referenced in the Inspector General's letter dated September 26, 2012. The reason for the five year lease plan is the demonstrated lack of prior management planning and absence of prudent financial decision making in the past when procuring new rental space and the failure to consider the additional costs to make the rental space suitable for a one stop operation. As a result every new lease or renewal decision must be supported by an accurate cost price analysis that reflects the RWB intended action and reflects the local current lease environment. Therefore, all proposed leasing decisions (terminations, modifications, and new) must be prior approved by DEO Division of Finance and Administration before being authorized by RWB 12 board and management.

It is requested that WCF compile all existing leases for the plan and submit no later than December 15, 2012. The plan should at a minimum include the following:

- Lease identifying information such as the property address
- Lease beginning and ending dates
- Options for renewal
- Provide amount paid for leasehold improvements
- Principle business purpose of the property

- Number of square foot leased
- Amount of space for public areas
- Amount of space for private areas
- Number of staff (WCF and jointly managed)
- Square footage per employee not including public areas, halls, and utility areas
- Total annual cost of lease by year for term of lease
- Cost per square foot (this includes any other payments to be made to the landlord)
- What does the lease cost included? Explain other services provided such as utilities and other costs included such as property taxes, etc.

Future lease changes must include the above information plus the following and be included in the WCF leasing plan:

- Renovation costs should be included in the procurement for space at the landlord's expense. Such costs should be recouped over the life of the lease in accordance with TELG 07-04, item 14, dated October 20, 2004. Any proposed lease not including renovation by the landlord must have documentation to support that other options were not feasible. An example of required documentation is an advertisement requesting space and responses from bidders.
- How was site location determined?
- Was the need for new spacc advertised in the local media?

It is our bope that by requiring this level of detail, we can avoid the future incidence of questioned costs in this area of expenditure. We look forward to working with you on future facilities decisions.

Sincerely,

T. B. Lloyd

Tony B. Lloyd
Chief Financial Officer

WS/kb